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REPORT OF THE SECRETARY-GENERAL ON THE UNITED NATIONS INTERIM ADMINISTRATION MISSION IN KOSOVO

I. INTRODUCTION

1. The present report is submitted pursuant to Security Council resolution 1244 (1999) of 10 June 1999, by which the Council decided to establish the United Nations Interim Administration Mission in Kosovo (UNMIK) for an initial period of 12 months. In paragraph 20 of that resolution, the Council requested me to report at regular intervals on the implementation of the mandate of UNMIK. The current report covers the activities of UNMIK and developments in Kosovo, Federal Republic of Yugoslavia, since my previous report of 23 December 1999 (S/1999/1250 and Add.1).

II. OVERVIEW

2. During the reporting period, UNMIK made further progress in forming structures that will enable the people of Kosovo to participate in the interim administration of the province and also initiated the process of establishing provisional institutions for democratic and autonomous self-government pending a political settlement. During the period, the process of transforming former combatants progressed with the formal establishment of the Kosovo Protection Corps (KPC). At the same time, the security situation, which had gradually improved during the early part of the reporting period, became more tense and volatile owing to the recent negative developments in Mitrovica. The situation of minorities showed little improvement, with many remaining vulnerable to attacks and discrimination as a result of their minority status.

A. Political situation

3. The three major Kosovo Albanian rival political parties - the Democratic League of Kosovo (LDK) of Ibrahim Rugova, the party coalition of United Democratic Movement of Rexhep Qosja and the Party for Democratic Progress of Kosovo (PPDK) of Hashim Thaci (effectively the Rambouillet signatories) - are now working together in a new cooperative relationship in the Interim Administrative Council (IAC) and the Joint Interim Administrative Structure (JIAS). At the same time, all Kosovo Albanian parties are preparing for

eventual municipal elections in the course of the year. It is expected that, with the commencement of the registration process, the number of Kosovo Albanian political parties will increase.

4. The Kosovo Serb political landscape remains diversified and dominated by divisions among three major political forces. The moderate Kosovo Serb National Council (SNC) continues to function mainly in the Pristina and Gnjilane regions, headed by Bishop Artemije, who recently visited the United Nations, and Momcilo Trajkovic. SNC has maintained its opposition to the current leadership of the Federal Republic of Yugoslavia and is an active member of the Yugoslav opposition. The Serb National Council (SNC) in Mitrovica is led by Oliver Ivanovic and Vuko Antonijevic. SNC has been trying to maintain its distance from both the current leadership in the Federal Republic of Yugoslavia and the Yugoslav opposition. Finally, the pro-Belgrade Serb National Assembly is linked to the Federal Republic of Yugoslavia Committee for Cooperation with UNMIK and is led by Mr. Odalovic. The Kosovo Serb political divisions intensified following the agreement on 15 December 1999 to establish JIAS. Although JIAS was initially rejected by all Kosovo Serb political forces, SNC has taken steps towards participation (see para. 7 below). Within both the Kosovo Bosniac and the Kosovo Turkish communities, political divisions persist. These divisions have prevented these communities from participating actively within JIAS.

5. The agreement to establish JIAS marked an important step towards the sharing of administrative responsibility with the local population, including through the appointment of local co-heads, in addition to those representing the three signatory political parties. The position of local department co-heads has been equally allocated to the three major political parties (five to each), with four co-head posts reserved for minorities (two for Kosovo Serbs and one each for Kosovo Bosniacs and Kosovo Turks) and one for an independent. Efforts are also being made by my Special Representative to place women in positions of leadership within JIAS, both at the central and municipal levels.

6. Since 15 December 1999, IAC has met, on average, twice a week. Initially, it dealt with procedural and administrative questions in the course of setting up JIAS. Now, IAC has become involved in discussing more substantive issues such as the recent events in Mitrovica and draft regulations connected to the preparation of the municipal elections. The work of IAC was hampered in early February 2000 by friction linked to the dissolution of the parties' respective parallel structures and funds controlled by them. More recently, IAC members have exercised constructive political leadership, distancing themselves from actions such as a demonstration march to Mitrovica on 21 February.

7. My Special Representative has intensified his efforts to ensure the participation of representatives of the Kosovo Serb community in JIAS. Towards this end, an agreement in principle was reached between UNMIK and the Kosovo Serb National Council (SNC) on the need to enhance security, increase the presence of UNMIK in Serb-populated areas and ensure greater access of the Kosovo Serb population to essential public services. In a letter dated 24 January from Bishop Artemije, SNC expressed its intention to accept this agreement and to finalize it within a 10-day time period. However, persisting political divisions within the Kosovo Serb community and the deterioration of

the security situation in Mitrovica hampered the efforts of my Special Representative to secure the participation of Kosovo Serb representatives in JIAS and prevented the finalization of the agreement. My Special Representative continues his intensive consultations with the Kosovo Serbs on this matter through regular contacts with their representatives. When Bishop Artemije visited New York, he met with the Deputy Secretary-General and had constructive discussions with her and other United Nations officials.

8. An UNMIK Task Force was established shortly after the signing of the 15 December agreement to develop a strategy to implement JIAS. In the initial stages, the Task Force, working with IAC, identified 20 departments required to administer Kosovo, with each department co-directed by an international and a local co-head. The co-heads are under the supervision of a Deputy Special Representative of the Secretary-General. There are 14 departments under the Deputy Special Representative for civil administration, 4 under the Deputy Special Representative for economic reconstruction and 2 under the Deputy Special Representative for institution building. While the two co-heads share in the interim administrative responsibilities of each department, the UNMIK international co-head retains a unique and non-delegable responsibility to ensure that the provisions and policy of resolution 1244 (1999) are implemented throughout JIAS. So far, 14 Kosovo co-heads and 16 international co-heads have been appointed. To date, three women have been appointed as local co-heads.

9. So far, the Departments of Health and Social Welfare, Education and Science, Local Administration and the Central Fiscal Authority (Budget and Finance) are operational with essential staff. The Departments of Reconstruction, Utilities, Justice, Public Services and Democratic Governance and Civil Society Support are expected to become operational in the coming weeks.

10. JIAS has given fresh momentum to the process of forming municipal level structures, with the majority established subsequent to the 15 December agreement. As of 28 February, a total of 27 municipal councils had been established (5 in the Mitrovica region, 5 in the Pec region, 7 in the Pristina region, 3 in the Prizren region and 7 in the Gnjilane region). In addition, a total of 12 administrative boards have been established to date (5 in the Pec region, 2 in the Prizren region, 2 in the Pristina region and 3 in the Gnjilane region). UNMIK municipal administrators in the remaining municipalities are continuing consultations to finalize the remaining municipal councils and administrative boards and to overcome disagreement among the various Kosovo Albanian political parties over the distribution of representatives. The limited participation of minorities within municipal structures remains a matter of concern and has been hampered by their withdrawal of support in protest against ethnically motivated acts of violence.

11. An important objective of UNMIK municipal administrators has been to promote the development of a professional and impartial municipal civil service. This is particularly relevant for the administrative boards which are responsible for the effective and non-discriminatory provision of municipal services. In this respect, efforts are being made to de-politicize the selection of personnel and to apply criteria based on professional merit in the municipal employment process.

12. Under the JIAS agreement, all parallel structures of an executive, legislative or judicial nature were required to be dissolved by 31 January 2000. For the first time, after 10 years of a "dual" system of governance and administration, a formal commitment to dissolve parallel structures was received from the local Kosovo Albanian leadership. All parallel Kosovo Albanian bodies declared that they had ceased to exist on 31 January and the so-called "ministries" of the self-proclaimed "Interim Government" officially stopped their work on that date. However, on the same day, the "Parliament" postponed the decision on its future and the "Government" of "Prime Minister" Bukoshi announced that it would only "suspend" its work. On 2 February, however, Dr. Rugova, the LDK president, and the presidency of the "Parliament", authoritatively declared that all of their structures had ceased to exist on 31 January. Two days later, Mr. Bukoshi made a similar announcement. However, for many Kosovo Albanians, it has been difficult to get used to the dissolution of the parallel structures. For a number of persons who were engaged in the parallel structures, alternative employment is scarce.

13. The integration of parallel administrative bodies into JIAS has been relatively smooth. UNMIK and the Kosovo Force (KFOR) have established mechanisms to monitor and enforce compliance, especially of the former parallel law enforcement structures. Entry requirements for the Kosovo Police Service make it difficult for persons previously involved in illegal activities, including law enforcement, to gain admission to this Service (see paras. 43-48 below). Requirements for admission to KPC also present a similar barrier.

14. Following the JIAS agreement, the Kosovo Transitional Council was enlarged from 12 to 35 members on 9 February to better reflect the pluralistic composition of Kosovo. Representatives of civil society, political parties, religious groups and national communities have been invited to participate. Special emphasis was given to encourage the participation of women, who had been inadequately represented in the political bodies. The enlarged Kosovo Transitional Council first met on 9 February and is currently meeting on a weekly basis under the chairmanship of my Special Representative or one of his deputies. Unfortunately, since the Kosovo Serb community has not made its final decision on participating in JIAS, it is - with the exception of a civil society member - not yet represented in KTC.

15. As mentioned in my two previous reports (S/1999/987, para. 23 and S/1999/1250, para. 4), UNMIK has also established a number of advisory bodies (e.g., the Joint Advisory Council on Legislative Matters, the Media Advisory Board, the Joint Civil Commission on Education, the Joint Civil Commission on Health and the Economic Policy Board) through which the local population and leadership have been able to participate in the interim administration by providing advice to UNMIK on specific issues. These advisory bodies will now be dissolved or absorbed into JIAS.

16. UNMIK maintains open channels of communication with the authorities of the Federal Republic of Yugoslavia, both to address concrete issues and to ensure that UNMIK's functions are transparent to the authorities concerned. In accordance with resolution 1244 (1999), the Yugoslav Government established the Committee for Cooperation with UNMIK in Pristina. The Committee President has regular meetings with senior representatives of UNMIK, KFOR and other

international agencies in Kosovo. The Committee has opened two additional sub-offices in the Mitrovica and Gnjilane regions. Practical cooperation between UNMIK and the Committee focuses on humanitarian assistance to the Kosovo Serb community.

17. The other channel of contact with the Yugoslav authorities is through the Joint Implementation Committee established within the framework of the Military-Technical Agreement. High-level Joint Implementation Committee liaison meetings, in which UNMIK representatives participate, take place on a weekly basis and constitute an important venue for exchanging information and discussing the security situation within the ground and air safety zones.

18. Intensive talks have also been conducted with the Government of the former Yugoslav Republic of Macedonia on the situation at the Blace border crossing point. A memorandum of understanding on custom issues between UNMIK and that Government will be concluded shortly to facilitate the crossing of goods at the Blace crossing going into and through Kosovo. In view of the critical energy situation in Kosovo, negotiations with the former Yugoslav Republic of Macedonia have also focused on the supply of electrical energy from and through that country.

19. Besides the existing UNMIK liaison office in Skopje, UNMIK has now opened a liaison office in Tirana, Albania (see S/1999/779, para. 52).

B. Security situation

20. There was a serious deterioration in the security situation in early February 2000. On 2 February, a clearly marked humanitarian shuttle bus belonging to the Office of the United Nations High Commissioner for Refugees (UNHCR) carrying 49 Kosovo Serb passengers was targeted by a rocket, resulting in two persons killed and three injured. The bus was driven by international Danish Refugee Council staff and escorted by two KFOR vehicles. Following the attack, violence broke out in northern Mitrovica on 3 and 4 February, resulting in eight deaths and at least 20 to 30 persons seriously injured. It also caused the displacement of over 1,650 Kosovo Albanians from northern Mitrovica and the reduction of the number of Kosovo Serbs in the southern part of the city to just 20 individuals, the majority of whom are living at a monastery under KFOR protection. Some 5,000 Kosovo Serbs remain in isolated enclaves in the southern outskirts of the city as well as approximately 2,000 Kosovo Albanians in the northern outskirts. UNMIK and non-governmental organizations were also affected by the violence. Both international and local staff had to be relocated and nine vehicles belonging to UNMIK, UNHCR, the Organization for Security and Cooperation in Europe (OSCE) and international non-governmental organizations were burned or looted. The International Committee of the Red Cross (ICRC) office was burned and several non-governmental organization offices and one KFOR office were looted.

21. Following a period of tense calm, violence again broke out in Mitrovica on 13 and 14 February. On the morning of 13 February, a grenade attack against a Bosniac cafe in northern Mitrovica injured 7 persons. Shortly thereafter, gunfire broke out near the river, with snipers firing from apartment buildings

at KFOR positions on the ground. Two French KFOR soldiers were seriously wounded. During exchanges of gunfire between KFOR and various identified sniper positions, one suspected sniper was killed and another wounded - both Kosovo Albanians. A total of 46 persons, the majority of whom were Kosovo Albanians, were taken into custody in the course of KFOR operations. On 21 February, a public march of Kosovo Albanians from Pristina to Mitrovica also led to a confrontation with KFOR forces on the main bridge in Mitrovica. KFOR was obliged to use tear gas to prevent Kosovo Albanian demonstrators from crossing the bridge to northern Mitrovica. The demonstrators eventually agreed to disperse after being addressed jointly by my Special Representative, the KFOR Commander and the KPC Director.

22. Many Serbs believe that a de facto partition of Mitrovica would enhance their security, but it remains a fundamental provocation for Kosovo Albanians and is inimical to resolution 1244 (1999). The political and security imperatives of the two sides are, however, not irreconcilable if moderate interests on both sides can be engaged. Unfortunately, extremists on both sides helped thwart efforts in 1999 to achieve more open arrangements for the city.

23. My Special Representative has initiated a strategy designed to arrest the crisis and address fundamental, legitimate concerns on both sides. A four-phased process is now under active discussion with local leaders, emphasizing freedom of movement for ethnic Albanians, security for ethnic Serbs, and orderly returns for both. The initial focus will be on confidence-building measures that can build on common interests. Ultimately, the aim is to establish a visibly different administration for the city of Mitrovica - the joint administration of a "united city" which can serve as an example elsewhere in Kosovo. However, this political process will depend heavily on the efforts of KFOR and UNMIK police to provide a secure environment. In addition, expanded public services and accelerated economic revival are crucial, since northern Kosovo has received fewer international aid and civil administration resources than many other parts of Kosovo.

24. With the exception of events in Mitrovica, violent crime in Kosovo has generally continued to follow the slow downward trend that characterized the previous reporting period. However, an upsurge in grenade and arson attacks against Kosovo Serb enclaves was noted during and since the time of the violent outbreaks in Mitrovica. In addition, on 26 February, a prominent Kosovo Serb medical doctor, who was also a member of SNC in Gracanica, was killed in Gnjilane. On 29 February, in Srbica, a Russian Federation KFOR soldier, serving as a driver for two commanding officers who were attending an UNMIK-chaired meeting of the municipal council, was shot outside the UNMIK municipality building. The soldier subsequently died of his wounds.

25. Cross-boundary incursions by Yugoslav police were also reported during the period in the Gnjilane region from Albanian-dominated areas in Serbia. The area which lies east of the Kosovo boundary line is assessed by both UNMIK and KFOR to be extremely volatile at present. The situation there causes great concern. International patrols along Kosovo's eastern boundary with Serbia have been stepped up and permanent boundary checkpoints established. Both KFOR and UNMIK police have reported seeing armed Albanians in military uniforms in the area of Dobrosin, which lies within the 5-kilometer exclusion zone. On 26 January, the

bodies of two ethnic Albanians were brought from Dobrosin to Gnjilane by family members, who stated that they had been shot while cutting wood. The Serbian police, however, stated that they had gone to Dobrosin to request security assistance from community leaders for a planned weapons search in the area. They further claimed that, upon leaving the meeting, they had been fired upon in the centre of town and one Serbian Police officer had been wounded. The Serbian police report that they had then returned fire at the attackers, resulting in the death of the two Albanians who were subsequently brought to Gnjilane. On 29 February, a United Nations vehicle was ambushed by a group of armed and uniformed men near Bujanovac in south-eastern Serbia, near the Kosovo border. The passengers, consisting of United Nations humanitarian and security personnel, had been in the area on a routine assessment of the humanitarian situation in the region. One United Nations staff member sustained serious injuries in the ambush. The perpetrators, who subsequently directed the United Nations personnel to a nearby KFOR checkpoint, identified themselves as indigenous to the predominantly Albanian populated villages in the area. KFOR and UNMIK police have increased their monitoring and surveillance of the area as a potential flashpoint.

C. Transformation of former combatants

26. The Kosovo Liberation Army (KLA) continued to meet the commitments made respectively in the undertaking of demilitarization and transformation of 21 June 1999 and the statement of principles of 19 September 1999. At the completion of demilitarization on 19 September 1999, almost 6,900 rifles, 300 pistols and 900 support weapons (e.g., machine guns and mortars) and 300 anti-tank weapons had been handed in by KLA. In addition, 1,300 rifles, 300 pistols, 81 support weapons and 18 anti-tank weapons had been confiscated from KLA members. Almost 2,800 assorted weapons were confiscated from non-KLA Kosovo Albanians, Kosovo Serbs and other ethnic groups. Some 700 weapons were left behind by departing Yugoslav forces. KFOR and UNMIK civilian police have continued to search for weapons and are confiscating around 10 to 15 weapons each week from members of all ethnic groups throughout Kosovo.

27. With demilitarization completed, the focus is now on the return of former KLA soldiers to civilian life. This is a long-term process. Considerable efforts are being made by the International Organization for Migration (IOM) to enhance career opportunities for former soldiers by the provision of training and job-placement support. Beginning in July 1999, IOM began an Information Counselling and Referral Service, which provides information, technical assistance, training and referrals to employment opportunities to former combatants.

28. KPC was formally established on 21 January 2000 with the appointment by my Special Representative of 46 KPC leaders, including one woman, one member of a religious minority (Catholic) and one member of an ethnic minority (Bosniac). The total strength of KPC as of 25 February stood at 544 persons. The total authorized strength of 5,052 KPC members (including 2,000 reservists not on active duty) will be selected by early March. Some 10 per cent of the total KPC positions remain reserved for minorities.

29. UNMIK regional administrators have begun identifying humanitarian and public works projects for KPC, ranging from housing reconstruction and refuse collection, to ice and snow clearance. KPC members have already taken on such tasks in the Prizren, Mitrovica and Pristina regions. KFOR will continue to provide day-to-day oversight of these projects.

30. The total budget requirement for KPC operating costs for the year 2000 is DM 20,734,697, of which only DM 12,290,000 in contributions had been received as of 10 February. There have been no additional contributions since my previous report (see S/1999/1250). Additional funding is critically needed for infrastructure repair, basic equipment and project financing as well as for wages and salaries for KPC members.

31. The first training courses have begun for administrative personnel of KPC. Key and mid-level leaders will receive a basic orientation training, which will cover human rights, resource management, strategic planning and an introduction to emergency operations management. All members of KPC will undertake an introduction course from 6 March to 30 April, include basic orientation on the mission and mandate of UNMIK, respect for human rights and practical skills (e.g., mine awareness and communications).

32. Minority communities in Kosovo have expressed concern about KPC, not only with regard to its creation and composition, but also with regard to the proposed location of KPC buildings. The alleged involvement of enrolled or aspiring KPC members in illegal law enforcement activities, their participation in political rallies and other incidents of ethnic intolerance, such as their refusal to participate in swearing-in ceremonies where the Serbian language was used, remains an issue of concern for the minority communities in Kosovo (see para. 62 below). Unfortunately, as illustrated in the fourth joint UNHCR/OSCE assessment on the situation of minorities in Kosovo, reports of illegal activities by alleged KPC members are often unconfirmed and, even when the victims of such crimes can be identified, they are often too afraid to report them for fear of reprisals. As the overwhelming majority of its membership comes from the former KLA, it is imperative that the KPC reassure the minority communities in Kosovo of their multi-ethnic perspective and of their desire to provide benefits to all communities in Kosovo.

D. Overview of the Mission

33. As previously reported, the four "pillars" of UNMIK are: UNHCR, which heads the humanitarian affairs component; OSCE, which heads the institution-building component; the European Union, which heads the economic reconstruction component; and the United Nations, which heads the civil administration component.

34. The Executive Committee (see S/1999/1250, para. 20) continues to bring together on a daily basis my Special Representative, his Principal Deputy and the four Deputy Special Representatives representing the four components of UNMIK. An UNMIK strategic planning document, prepared by the Executive Committee's Joint Planning Group, is used by my Special Representative as a tool to ensure timely, collaborative policy-making decisions.

35. Coordination and cooperation between the four components of UNMIK and the office of my Special Representative, as well as with other international and national partners, extends beyond the Executive Committee and the Joint Planning Group. A number of formal and informal working groups and task forces have been formed to address a variety of topics of mutual concern (e.g., the Utilities Task Force, the Fuel Task Force, the UNMIK Security Requirements Task Force, the Joint Administration Task Force, the Ad Hoc Task Force on Minorities and the inter-pillar planning working group on gender issues).

36. The Military Liaison Office continues its coordinating efforts with KFOR and other international agencies, as well as its monitoring and analysis of the general security situation in the Mission area. The UNMIK Situation Centre reports on and analyses the situation in Kosovo through information received from the UNMIK military liaison officers throughout Kosovo, including at KFOR headquarters.

III. UNMIK POLICE

37. Progress by UNMIK police in assuming law and order responsibilities during the reporting period was limited by the low numbers of new police officers arriving in Kosovo. As of 1 March, 2,361 officers were serving as part of the UNMIK police, which constitutes close to 65 per cent of the total authorized strength of 3,618 civilian and border police officers (not including the 1,100 authorized police officers in special police units). However, the number of new officers arriving in the Mission began to increase during the last part of the reporting period, with some 500 new officers expected by the end of March. UNMIK police personnel are presently distributed as follows (excluding those in training): 603 in the Pristina region; 306 in the Prizren region; 535 in the Mitrovica region; 189 in the Gnjilane region; 105 in the Pec region; 193 border police; 268 in the central headquarters in Pristina; and 71 in the UNMIK police KPS Development Unit.

38. UNMIK police has full executive law enforcement responsibility in the Pristina and Prizren regions as well as at the Pristina Airport international border crossing point. It has investigative authority in the Gnjilane and Mitrovica regions, as well as in Pec municipality and at the international border crossing points of Djeneral Jankovic (Blace) and Globocica. Furthermore, UNMIK police continue to run the Pristina and Mitrovica detention facilities. UNMIK police also continue to develop and implement joint security operations with KFOR. These operations are being enhanced in Mitrovica to include joint foot and vehicle patrols, cooperation in weapons and ordnance searches, and the building up of a joint operations centre.

39. A substantial shift of limited police resources to the Mitrovica region occurred in response to the violent outbreaks in that town in February. By the end of February, UNMIK police had reinforced the Mitrovica region with 310 additional police officers and diverted logistical resources to the area from the Pec region. As a result of this diversion, KFOR will, for the time being, continue to provide primary law and order services in the Pec region until UNMIK is able to reinforce the region with new police officers.

40. The deterioration of the security situation in Mitrovica again highlighted the policing gap resulting from the insufficient numbers of UNMIK police officers and the absence of special police units. Since no such units have yet arrived to the Mission area, responsibility for the management of major incidents of public disorder and unrest has, of necessity, remained with KFOR. However, at least three special police units are now expected to arrive in the Mission area in March.

41. UNMIK police continue to carry out investigations, patrolling and public-order functions, border policing and traffic control. Increasing numbers of non-police tasks continue to demand up to 15 to 20 per cent of available UNMIK police resources at any time. Such tasks include the guarding of banks and other buildings, as well as guarding UNMIK money transfers. Additional requests to provide security for public transport, humanitarian convoys and courts and judicial personnel have been made which, if fulfilled, would require up to 80 per cent of the existing staff resources of UNMIK police. The need to identify alternative resources to fulfil such non-police security tasks, in order to free up limited UNMIK police resources for law and order functions has thus become a Mission priority.

42. UNMIK police also continue to work towards the development of professional capacities to counter organized crime affecting Kosovo and the region. A comprehensive criminal intelligence structure within UNMIK police, including both centralized and regional elements, will soon be established with the support of interested Member States. The United Kingdom of Great Britain and Northern Ireland has offered professional and logistical resources for this initiative, and other Member States have also expressed their intention to support it.

43. The development of a local police service in accordance with international and European standards has continued. A special section of the UNMIK police is tasked full-time with development of the future police for Kosovo, the Kosovo Police Service (KPS). The institution-building pillar (OSCE) provides education and training for KPS through the Kosovo Police Service school. The KPS training programme starts with a nine-week, 392-hour basic course at the KPS school. Upon graduation from the school, KPS cadets enter a 19-week field-training programme administered by UNMIK police, which includes additional classroom training coordinated jointly by UNMIK police and the KPS school. KPS field trainees serve as part of UNMIK police, under the supervision and command of the UNMIK Police Commissioner, until such time as they are assessed to be sufficiently trained to carry out police duties independently.

44. The KPS selection procedures have been refined to ensure that candidates with the best qualifications are identified for inclusion. The selection procedure is comprised of four criteria: minimum requirements, preferred qualifications, comprehensive examinations and psychological/physical fitness standards. Other factors are taken into consideration in the recruitment of each class, in particular the priority for appropriate ethnic and gender representation. Background checks are initiated when candidates are selected and continue during field training and a three-year probationary period.

45. As of 22 February, 347 KPS cadets were working on the streets of Kosovo. The third class of 235 students began their KPS school training on 22 February. The "production" of KPS cadets has been much slower than originally anticipated owing to continuing logistical and administrative obstacles. KPS is one of the few multi-ethnic institutions operating in Kosovo. UNMIK has set goals of 15 per cent minority representation and 25 per cent female representation for the future KPS. There were 8 Kosovo Serbs and 11 other minorities in the first class; 28 Kosovo Serbs and 14 other minorities in the second class; and 18 Kosovo Serbs and 5 other minorities in the third class. Women comprised 22 per cent of the first class, 19 per cent of the second class and 24 per cent of the third class. KPS field trainees have been provided with uniforms and, at the end of February, were issued sidearms and protective equipment.

46. The KPS field-training officer programme includes one-to-one mentoring, daily observation reports, bi-monthly evaluations, completion of daily activity logs and in-service classroom training of eight hours per week. To date, UNMIK police have trained 998 of its officers as field training officers. Each KPS cadet is continually monitored and evaluated by UNMIK police officers through the 19 weeks of field training, as well as the six subsequent weeks of career rotation and one week of comprehensive examinations. Successful completion of each of these stages will qualify cadets for subsequent phases of the KPS programme.

47. Since the inception of the KPS programme, there have been 24 disciplinary investigations involving KPS cadets. Nine cases were unfounded, six individuals were reprimanded for policy violations, one was suspended without pay for repeated policy violations, five have been temporarily suspended pending completion of investigations and three have been terminated for involvement in criminal activity either during or after the conflict. There have been five resignations.

48. KPS will eventually deploy to 29 police stations. Supply and logistics programmes have been developed for the service and some equipment has already arrived and has been distributed throughout Kosovo. Securing additional support for the equipping of the future KPS remains a high priority of UNMIK.

IV. PROTECTION OF MINORITIES AND HUMAN RIGHTS

49. Serious human rights violations continued during the reporting period, most of them based on ethnicity. Kosovo Serbs, Roma and Slavic Muslims are the most common targets. Violence is especially high in the few areas of Kosovo where minority ethnic groups and Kosovo Albanians live close to each other. Violence in these areas, including arson and grenade attacks, increased noticeably following the killings and violence in Mitrovica in early and mid-February.

A. Situation of minorities

50. One of the major preoccupations of UNMIK is the continued widespread harassment, attack, murder and forcible eviction of non-Albanian minorities across the province. The fourth joint UNHCR/OSCE assessment of the situation of minorities in Kosovo, covering the period November 1999-January 2000, concluded that, with limited exceptions, there had been no substantial improvement in their precarious situation since the third report was issued in November.

51. As noted before, the rocket attack on a UNHCR bus carrying 49 Kosovo Serb civilians on 2 February, in which two were killed and three wounded, was followed by an outbreak of violent incidents in Mitrovica, resulting in the killing of eight people. The attack on the UNHCR bus, one of eight bus lines that shuttle minorities living in isolated communities across the province, was a serious setback to UNMIK efforts to promote freedom of movement and to protect minorities. The UNHCR bus line programme was temporarily suspended following this attack. This was the second time the programme had to be suspended, the first being after an attack in Pec on 27 October 1999 on a humanitarian convoy of 155 Kosovo Serbs leaving for Montenegro.

52. The poor security conditions and the consequent restrictions on freedom of movement lead to difficulties for minority populations in gaining access to basic public services, especially education, health care and food markets. These have been determining factors in the departure of Kosovo Serbs and other non-Albanian groups from Kosovo. The Kosovo Albanian minority in northern Mitrovica has also been subjected to similar problems, particularly since the outbreak of violence on 3 February, which has led to the departure or forcible expulsion of some 1,650 Kosovo Albanians from their homes.

53. In the Gnjilane region, three Kosovo Serbs were executed on 16 January on the side of the road on their way to Pasjane, reportedly by four men in black who stopped their car. On 30 January, a grenade attack on a house killed a 65-year-old Kosovo Serb male in Gnjilane. On 9 January, a Kosovo Serb male was killed while cutting wood in Gnjilane. From 1 to 19 February, at least 36 separate incidents were reported by KFOR and UNMIK police involving Kosovo Serb victims, including grenade attacks, arsons and murders. On 18 February, the body of a Kosovo Serb was found in his car where he had been shot.

54. Many Kosovo Serbs and Roma live under heavy KFOR guard or in mono-ethnic enclaves, without access to public services and at risk of physical attack. Property owned by minorities is frequently targeted for destruction, unlawful occupation and sale for less than reasonable value. Kosovo Albanians purchasing property from Kosovo Serbs are increasingly the victims of attacks, often resulting in damages to, or destruction of, property. In life-threatening situations or particularly vulnerable circumstances, UNHCR has resorted to assisting minorities wishing to depart to Serbia and to Montenegro. Some 602 individuals have so far benefited from this last resort protection measure.

55. In the Prizren area, the Slavic Muslim community still bears the brunt of human rights violations. Four members of one Slavic Muslim family were killed on 11 January. Grenade attacks against Roma houses in Orahovac have continued and the movement of Kosovo Serbs in and around Orahovac remains restricted.

Worrying signs are being seen in Dragas, in the Gnjilane region, as reflected in the 7 February explosion in a cafe owned by a Slavic Muslim and the 10 February murder of a Slavic Muslim in the municipality, the first since September 1999. These incidents have greatly increased the feelings of insecurity amongst the already vulnerable local Slavic Muslim population. The extent of this vulnerability is such that the majority of those remaining have expressed on several occasions their intention to leave the area in the spring.

56. Discrimination in the distribution of humanitarian aid and in essential services continues. This discrimination results in a variety of human rights violations, including the rights to health care, shelter, education and food. In one especially egregious example, the Kosovo Electric Corporation, for a period of time, refused to make coal available for delivery to ethnic minority areas, primarily to Kosovo Serb and Roma communities. Access to schools and medical facilities for minorities is limited due to security concerns. Groups distributing humanitarian assistance are sometimes threatened when they distribute food, tools or other goods to minorities.

57. The inter-agency Ad-Hoc Task Force on Minorities, chaired by the Deputy Special Representative of the Secretary-General for Humanitarian Affairs and composed of UNHCR, OSCE, the human rights adviser of my Special Representative, KFOR and UNMIK police, continues to work closely to enhance the physical protection and freedom of movement of minority populations, as well as to engage in longer-term confidence-building measures. UNMIK, United Nations agencies, ICRC and many international and local non-governmental organizations also seek to ensure that minority populations continue to have access to food, health, education and telecommunications services.

58. Measures undertaken by the Task Force have led to an improvement of the living conditions and the situation of some minority individuals and groups around the province. The primary issue for minorities, however, remains security. Measures aimed at enhancing minorities' security and access to basic services include: targeted deployment of KFOR and UNMIK police officers to protect those deemed most at risk; installation of enhanced physical security measures in minorities' homes, such as reinforced doors and windows; improved freedom of movement through the eight KFOR-escorted UNHCR bus lines between minority enclaves, in addition to an UNMIK train service between Kosovo Polje and the Mitrovica region; a targeted distribution network to enhance secure access to health care and food; and the provision of satellite and mobile phones to isolated minority communities. Confidence-building measures, such as facilitating contact between community leaders, are also under way.

59. Since mid-September 1999, the civil administration pillar has also appointed and deployed several experienced civil affairs local community officers in selected municipalities with significant minority populations. The aim of this initiative has been to increase the presence of UNMIK in areas where minorities live in order to contribute to a further improvement of their security and to extend the provision of essential administrative services at the community and grassroots levels. These officers work in tandem with the UNMIK municipal administrators and in close cooperation with representatives of the humanitarian affairs and institution building pillars, UNMIK police and KFOR. Their presence has facilitated access of the local minority population to

essential public services and has also increased its contacts with different local and international actors in support of humanitarian and reconstruction efforts. To date, twenty villages/communities have been identified throughout Kosovo for the deployment of local community officers.

B. Human rights

60. The institution-building component (OSCE) is the lead agency in the monitoring of human rights in Kosovo. Human rights violations in Kosovo are not limited to minorities. Harassment, intimidation and discrimination are increasing within the Kosovo Albanian community. Most at risk are those accused of having collaborated with the prior Serbian authorities. There have been widespread reports that intimidation has been used to remove teachers and directors from schools for refusing to join PPDK and to appoint new staff more loyal to that party.

61. Trafficking of women for the purpose of prostitution is emerging as a major regional criminal and human rights concern. During the reporting period, there was an increase in incidents of forced prostitution of women who had been abducted in third countries and brought to Kosovo. The women are kept in a condition of servitude. They have virtually no freedom of movement and no access to their travel documentation. UNMIK police and KFOR have raided several brothels and have found at least 20 women from other countries. Many had been beaten, few had been paid and all were virtual "slaves" to the brothel owners. There are also increasing reports of abduction of young local women. A shelter for women at risk was opened on 18 February through the cooperation of UNMIK, KFOR and international non-governmental organizations. The project is funded by UNHCR and OSCE, and KFOR and UNMIK police provide security.

62. Some enrolled or self-proclaimed members of KPC have been accused of human rights violations and illegal policing activities (e.g., arresting, detaining and questioning alleged criminal suspects). Other cases involve enrolled or self-proclaimed KPC members who are alleged to have collected illegal taxes from businesses and participated in demonstrations, sometimes in the guise of "crowd control", an activity which falls outside the KPC mandate. In some cases, KPC members have been arrested but quickly released by the local judiciary. The number of reports of such cases involving KPC members varies from region to region.

C. Detained and missing persons

63. The continuous detention of Kosovo Albanians in Serbia remains one of the most contentious issues in post-conflict Kosovo. The most accurate count of Kosovo detainees is approximately 1,600 based on an ICRC survey of all civilian and some military prisons in Serbia. On 8 February, the KTC Commission on Prisoners and Detainees, chaired by the Office of the United Nations High Commissioner for Human Rights, requested that States Members of the United Nations and UNMIK renew their efforts and give priority to the issue during their contacts with the Yugoslav authorities and the Yugoslav opposition. On 23 February, KTC issued a similar statement calling upon the Security Council

and Member States to exert pressure on the Yugoslav authorities to release Kosovo Albanians detained in Serbia.

64. The issue of missing persons is a related, but separate concern. As of 21 February, ICRC had collected the names of over 4,400 missing persons. ICRC was, however, able to clarify the fate of over 1,400 of those cases (mainly through detention visits). It is estimated that there are therefore approximately 3,000 cases of missing persons since the beginning of the armed conflict in January 1998. Although the majority of those reported as missing are Kosovo Albanians, there are also substantial numbers of Kosovo Serbs and other non-Albanians (400 to 500), particularly Romas, who are currently unaccounted for. At a meeting of KTC on 23 February, a representative of the Association of Political Prisoners (a Kosovo non-governmental organization) contested the number of 3,000 missing persons, claiming that the number of missing was 5,000 to 7,000. My Special Representative has requested a list of those persons.

65. The general consensus among international organizations and non-governmental organizations working on the issue is that many of the missing persons may be dead. The victim recovery identification commission proposed by UNMIK should facilitate the resolution of such cases and give a more accurate figure for the truly missing. This Commission, chaired by UNMIK, would make systematic efforts towards exhuming graves that the International Tribunal for the Former Yugoslavia declines to deal with. The Commission would be composed of local representatives along with representatives of UNMIK police.

66. The International Tribunal has identified 529 mass grave sites and has worked on 195. Its initial reports suggested that there should have been approximately 4,266 remains in the 195 sites that it has investigated. However, 2,108 remains were found in those sites, slightly less than half of the original estimate. There is no ethnic breakdown of the victims since the reports of the forensic teams have not yet been completed.

V. HUMANITARIAN ACTIVITIES

67. The humanitarian affairs pillar (UNHCR) has the lead in humanitarian activities. UNMIK, through UNHCR, cooperates closely with other United Nations partners such as the World Food Programme (WFP), the United Nations Children's Fund (UNICEF) and the World Health Organization (WHO), as well as with IOM, ICRC, the International Federation of Red Cross and Red Crescent Societies (IFRC) and over 250 international and 45 local non-governmental organizations. As of early February, the Inter-Agency Standing Committee has been replaced by the Inter-Agency Coordination Meeting, chaired jointly by the Deputy Special Representative of the Secretary-General for Humanitarian Affairs and the United Nations Special Delegate and attended by all United Nations agencies, representatives of the Non-Governmental Organization Council, IFRC and ICRC. This forum serves to address both humanitarian and development issues. It also serves to provide access for the participants to the other components of UNMIK and the office of my Special Representative to discuss issues of mutual concern.

68. UNHCR promoted the establishment of a non-governmental organization protection working group, where local and international non-governmental organizations meet with UNMIK components to exchange information concerning human rights and to identify issues that can assist the work of all involved. This is an important forum for identifying key issues in a timely fashion.

69. To support humanitarian efforts and help coordinate the work of hundreds of international and local non-governmental organizations in Kosovo, the Humanitarian Community Information Centre in Pristina, which is coordinated by UNHCR with the support of the Office for the Coordination of Humanitarian Affairs, provides information exchange, meeting facilities and mapping and data services. The Centre will more broadly start to service the civil administration and economic reconstruction components in their longer-term reconstruction and development plans.

70. The Food and Agriculture Organization of the United Nations (FAO), which has distributed tons of seeds, is also supporting other long-term agriculture and livestock needs. UNICEF, along with its partners, is rehabilitating the school infrastructure. It is also reprinting textbooks and providing teaching aids and furniture, as well as heating stoves and firewood to support the school winterization programme. UNICEF is also a lead agency in mine awareness education. WHO is playing a key role in re-establishing an effective health system in Kosovo. Along with UNICEF and various non-governmental organizations, WHO has distributed drug kits and provided immunization services throughout Kosovo. ICRC is the lead agency for missing people and it has access to over 1,600 persons arrested in Kosovo and held in detention in Serbia. ICRC also works towards the rehabilitation of health services, agriculture, village water systems, hospital training and enhancing psychosocial support structures. The United Nations Development Programme (UNDP) works with other agencies and entities in helping to achieve sustainable human development. The International Labour Organization (ILO) is involved in planning to boost employment, develop a wage system and sustainable financing for public service salaries, reinforce social assistance schemes and contribute to the enforcement of labour law and the re-establishment of tripartite labour relations.

A. Returns

71. The vast majority of Kosovo Albanians who had fled or were forced out of the province during the conflict have returned spontaneously, and significant numbers have also returned voluntarily from further abroad. Of the some 830,000 refugees who have returned, over 110,000 returned in an organized manner, mostly with the assistance of UNHCR and IOM. It is estimated that over 25,000 refugees from Kosovo, including Albanians, Serbs and Roma, remain in neighbouring countries. As of 1 February 2000, the Yugoslav Red Cross and local authorities indicated that the total number of registered internally displaced persons from Kosovo in both Serbia and Montenegro stood at some 235,000. UNHCR is conducting a joint registration exercise with the Yugoslav authorities to verify these numbers. This exercise has been completed in Montenegro, with a total of some 30,000 internally displaced persons registered, and will be finalized in Serbia early in April. Of an estimated 5,000 Croatian and Bosnian refugees present in

Kosovo before the air strikes by the North Atlantic Treaty Organization (NATO), only some 600 remain.

72. The current situation for minority populations is such that their return to Kosovo cannot be promoted or facilitated by UNHCR at the present time as the necessary pre-conditions, in particular a safe and secure environment, are not yet in place. Efforts are, however, being made to ensure that those who do return receive the necessary protection and humanitarian assistance.

B. Humanitarian assistance

73. Since June 1999, a massive international relief effort has taken place to assist the local population in rebuilding their lives. This has been one of the largest international relief operations in per capita terms and it has been successful in avoiding another humanitarian crisis in Kosovo in the current winter. Despite the logistical difficulties that hampered the humanitarian effort, including the delays experienced at the border with the former Yugoslav Republic of Macedonia, the programme has met its basic objectives overall.

74. In response to the massive damage to housing (with some 54,000 dwellings destroyed and 50,000 badly damaged but repairable), an unprecedented shelter rehabilitation programme was initiated by humanitarian agencies led by UNHCR, the European Community Humanitarian Office (ECHO) and the United States Office for Disaster Assistance (OFDA), to help people get through the winter. UNMIK also carried out, with the assistance of KFOR and KPC, the winterization and rehabilitation project, which resulted in more than 2,500 houses being rehabilitated in a permanent manner. The project was funded by the Governments of Japan and France, at a cost of US$ 9 million. As a result of those efforts, all inhabitants have been accommodated for the winter through a variety of measures, including house and roof repair, prefabricated units, winterized tents, community centres and, most importantly, host family support. The impressive quantities of shelter material, food aid, stoves, firewood, winter clothes, blankets and tents provided by the humanitarian agencies have done as much as was logistically possible to help this process. Some 82,000 tons of food, more than 55,000 emergency shelter kits, over 10,000 expanded roofing kits, some 26,000 heating stoves, 60,000 cubic metres of firewood, some 14,500 tons of winter wheat seed and 9,000 tons of fertilizer, and over 500,000 blankets, mattresses, jerry cans, kitchen sets and hygienic kits were distributed. In addition, over 60 tons of winter clothing, jackets and boots were airlifted into the province, and nine freight wagons of additional garments were delivered. One priority area of concern has been targeted assistance for women and children, delivered through a series of projects under a Kosovo women's initiative. Activities include psycho-social and community support, special health care services and micro-finance and income-generation projects.

C. Mine action

75. The Mine Action Programme, coordinated by the United Nations Mine Action Coordination Centre, coordinates mine action activities. In 2001, these activities will be handed over to a national demining body.

76. There have been over 424 mine-related casualties, including 92 fatalities, since June 1999. To date, over 16,100 houses and 82 per cent of all schools in Kosovo have been cleared of mines. In addition, over 2,740 cluster bombs, 2,430 anti-personnel mines, over 2,300 anti-tank mines and 8,400 unexploded ordnance have been cleared from public places. A community-based mine awareness programme has been established throughout the province, which includes training of mine-awareness educators. A programme has also been established in order to ensure that victims have access to appropriate medical facilities that can provide immediate care, rehabilitation and psychosocial support.

D. Transition of the humanitarian programme to longer-term development and reconstruction

77. Most of the humanitarian agencies have agreed that there should not be a need for a prolonged, large-scale humanitarian role in Kosovo after the winter. It is my intention, therefore, to phase out the humanitarian affairs component by mid-2000. Many of the leading United Nations humanitarian agencies, including UNHCR, are planning parallel reductions to their humanitarian programmes.

78. UNMIK is now planning an orderly transition in emphasis from humanitarian to development assistance, to ensure that, as humanitarian activities are phased out and absorbed by the longer-term development and reconstruction programmes, adequate overlap and coordination support are provided to avoid any gaps. Work on this transition is already under way in each sector where the humanitarian affairs component has been active. A new social welfare system will incorporate food aid into the system in conjunction with cash payments. In the area of shelter, a housing reconstruction task force has been created and a policy on housing rebuilding has been developed. The majority of work in the education sector that is classifiable as humanitarian is almost complete and, with few exceptions, most children have access to schools and materials have been provided. In the agricultural sector, significant long-term rehabilitation projects are under way, which should significantly reduce the levels of poverty in the rural areas and generate increased economic activity. In the health sector, long-term plans for the health care system are also under way.

79. The provision of service to minorities will remain a problem area requiring the ongoing support of humanitarian agencies for the immediate future. Longer-term strategies that will allow all minorities to be incorporated into the longer-term social welfare, health and education systems will need to be developed.

VI. SECTORAL DEVELOPMENTS

A. Health and social welfare

80. There was general improvement in the health sector during the reporting period. The Department of Health and Social Welfare was one of the first four departments to be established under JIAS. One of its first actions was to appoint suitable directors of the health care institutions which, in some cases,

entailed replacing the existing self-appointed directors and those appointed by the illegal "Interim Government".

81. Following a systematic review of all health houses (large health centres offering primary and secondary care) and ambulantas (small health centres offering primary care), a master health care plan has been developed in consultation with local health care providers. The plan calls for fewer but better-equipped health centres serving larger areas. The first family medicine centre has been opened, and a training programme for doctors leading to a specialty in family medicine has been developed. The University of Pristina has established a Department of Primary Health Care to support this development. In the field of preventive care, a new surveillance system for infectious diseases, developed by WHO and the Institute of Public Health, has been introduced to ensure timely preventive action.

82. The procurement and distribution of drugs has been streamlined and regulated by designating Pharmaciens sans Frontières, a non-governmental organization with worldwide experience in drug supply during emergencies, as the main distributor of donated primary health care drugs in Kosovo. Meanwhile, the Kosovo Pharmaceutical Cooperative has been created, which will take over these responsibilities from July 2000.

83. Access to health care, particularly secondary care, by minorities remains a major cause for concern. Security considerations inhibit minorities, especially Kosovo Serbs, from visiting health care facilities owing to the lack of multi-ethnic institutions. As a result, UNMIK has established some additional facilities to cater to the medical needs of the minorities. Another area of concern is the level of expertise of many health care professionals, particularly those who graduated from the parallel system. This is being addressed through a series of special training programmes organized to upgrade the skills of health care professionals.

84. A social welfare programme to provide emergency financial assistance to the most vulnerable people in Kosovo, particularly the elderly and single parents, was launched by UNMIK in 1999. The first round of payments under the scheme has been completed, and nearly DM 19 million has been distributed to about 60,000 families throughout Kosovo.

B. Education

85. UNMIK, in collaboration with international agencies and donors and with local participants, initiated the process called "Developing an Education System for Kosovo", which will review and develop the primary, secondary and higher education system in Kosovo. Significant progress was made on the project to provide free textbooks to students, and over 100 categories of textbooks in the Albanian language have been locally printed and distributed to students. Efforts continued to provide textbooks to minority students in the Serbian, Bosniac and Turkish languages.

86. The second semester of the current academic year started on 31 January after the winter break. The recess period was utilized to attend to the heating

problems that afflicted a large number of schools. Despite concerted efforts, there was very little progress in resolving problems of access that continue to plague the University of Pristina and the Faculty of Technology, Metallurgy and Mining in northern Mitrovica. A positive development, however, was the opening of a school for minorities on 2 February in the multi-ethnic municipality of Lipljan in the Pristina region.

C. Transport

87. Efforts to rehabilitate the transport sector continue. UNMIK has drawn up a detailed plan to revive the public transport system in Kosovo and trial runs of selected bus routes have already been undertaken. A directorate of roads is proposed to be established as the central body responsible for roads. The rehabilitation of the railways is being assisted with funds from some Member States, and work on the north-south line linking Kosovo with the former Yugoslav Republic of Macedonia as well as the reopening of the locomotive and wagon workshops has commenced. The first passenger train service resumed on 27 December 1999, with a twice-daily return service between Kosovo Polje in the Pristina region and Zvecan in the Mitrovica region. This train, under KFOR security, is used by some 400 passengers. The train has become a multi-ethnic service used by passengers from all communities in Kosovo to provide a safe means of commuting. Negotiations with the former Yugoslav Republic of Macedonia railway authorities are being held for the commencement of commercial railway traffic.

88. The Pristina airport reopened for limited commercial traffic on 11 January after having been closed to civilian aircraft following the WFP plane crash on 12 November 1999. Four commercial airlines are now operating in Pristina under visual flight rules conditions. More airline companies have indicated an interest to operate flights once instrument flight rules conditions are in place. This is likely to be completed by mid-March 2000.

D. Post and telecommunications

89. Significant progress has been made towards restoring the postal services in Kosovo, with 82 out of the total 130 post offices being operational. Postage stamps in five denominations have been printed and the purchase of counter equipment as well as vehicles finalized. The stamps and first day covers are scheduled for release on 15 March. Initial experience in distribution of international mail, however, confirmed that delivery of mail would pose some problems owing to unreliable postal addresses as a result of displacement.

90. The first phase of the global system for mobile communications telephone project is progressing on schedule. Installation of the switch and antenna sites has been completed. Frequencies and numbers to be used by the new network have been identified. As a first phase, the new network operated by Post and Telecommunications Kosovo was inaugurated on 23 February in Pristina. Full coverage throughout Kosovo is expected to be attained in July. Simultaneously, restoration of the fixed line telephone service has continued and some inter-city links partially restored. Although the capacity of these links is

limited, subscribers have access to long distance and international telephone services.

E. Agriculture

91. Severe winter conditions restricted agricultural activity during the reporting period. Meanwhile, a comprehensive policy on agriculture has been prepared with the full participation of local experts and its implementation has begun. A reorganization of the cooperative and agro-industry/food processing sectors has also been planned, in collaboration with ILO and the European Union.

F. Vehicle registration

92. The UNMIK vehicle registration programme resumed on 1 February in Pristina after the winter break. The programme, in addition to generating revenue, will facilitate law enforcement and the restoration of normalcy by eliminating the large number of unregistered vehicles in Kosovo. At the end of February, UNMIK signed an agreement with an insurance company that will be authorized to sell third-party liability insurance. All vehicles will be required to have such insurance. Thus far, close to 6,000 vehicles have been registered in Pristina. The programme is soon to be extended to five regional centres in Kosovo. Member States will shortly be formally requested to recognize the Kosovo licence plates.

G. Civil service stipends

93. On 7 February, UNMIK formally completed its stipend payment operation, distributing nearly DM 36 million during a period of four months to over 55,000 persons in Kosovo. Of this amount, DM 26.5 million was paid out of the United Nations Trust Fund for the first three rounds of stipends and the last round included DM 8.9 million from the Kosovo consolidated budget. Special efforts were made to pay Kosovo Serb public employees through the payment of the stipend at their places of work and residences. Other workers were paid collectively in a central location.

94. The transition from stipends to salaries will be completed by the end of February when the first salaries will be paid for the months of January and February. Thereafter, regular payments will be made through a payroll system, funded by the Government of the United Kingdom, incorporating all public employees (currently estimated to be more than 70,000). The major tasks with regard to the civil service are to reduce employment levels, to bring salaries in line with the provisions made under the Kosovo consolidated budget and to ensure that those employed meet job requirements. Systems and procedures are currently in place so that, by April, all public sector workers should have a contract of limited duration and receive a salary based on job requirements.

H. Housing and Property Directorate

95. The civil administration pillar, in collaboration with the United Nations Centre for Human Settlements (Habitat), has established the Housing and Property Directorate and the Claims Commission as independent bodies working under the auspices of UNMIK in accordance with UNMIK regulation No. 1999/23. The main functions of these bodies are to provide UNMIK with policy support in the housing and property fields, to allocate vacant housing for humanitarian purposes and to settle residential property disputes in Kosovo. The procurement of equipment, the recruitment of staff as well as the preparation of legal procedures for the allocation and dispute settlement systems are among the activities currently being carried out. Concurrently, efforts are under way to re-establish the cadastral information system in Kosovo with the support of several international donors.

I. Banking and Payments Authority

96. The Banking and Payments Authority of Kosovo took over the assets, buildings and staff of the former centralized financial institution, which was the former public payments service in Kosovo. The training of employees, the refurbishment of branches and the replacement of outdated equipment are ongoing with donor support from the United States Agency for International Development (USAID), the European Union and the Government of Norway. Over the last two months, services provided by the Authority have substantially increased. The Authority is already Kosovo's principal cash custodian and is in the process of becoming the operator of an efficient area-wide payments system and the supervisor of a reliable banking system. During this period, the Authority has supported the stipend and social welfare programmes. The Authority's banking services to the Central Fiscal Authority began in December 1999.

97. The first commercial bank to commence operations since the conflict was opened in January 2000. The Micro Enterprise Bank is the first commercial bank to be licensed by the Authority's Licensing and Supervision Department. Five additional applications from both local and foreign investors for bank licences have been received and are currently being processed.

J. Labour

98. Kosovo has the highest unemployment rate in Europe owing to many factors, including damage during the conflict, the destruction of businesses and the previous discriminative employment policy. Small private businesses, public services and public utility companies and international and non-governmental organizations have provided employment to many people. However, most large public enterprises have yet to restart, which deprives many people of job opportunities. The promotion of employment is a high priority for UNMIK and, in this context, a Kosovo network of employment offices is being reorganized to direct and coordinate employment and training. Another urgent task is to reinforce essential labour law in accordance with international labour standards.

K. Business and economic activity

99. Economic activity in much of Kosovo is restarting. The business registration system will begin on 7 March. The sectors of housing, construction, agriculture and food processing have been identified as key areas restarting the economic activity in a sustainable way, generating local production and employment. A private sector development plan has been developed and considerable progress has been made in drafting the necessary legal framework. In addition, the establishment of credit schemes for small and medium-sized enterprises is advancing with the support of the World Bank and the European Union.

100. A three-stage strategy for the Trepca industrial complex has been developed. Negotiations between UNMIK and the Independent Trade Union of Miners of Stari Trg continued during the reporting period. A memorandum of understanding was signed between UNMIK and the Union in mid-December to allow access to a limited number of local experts to conduct a survey of the mine, assess the required maintenance work and enhance security conditions in the Stari Trg mine. Another memorandum of understanding is under discussion, which would focus on the need to increase safety standards and working conditions for the miners, as well as on the ways to improve the ongoing maintenance of the sites.

101. One of the first projects aimed at developing the private sector is the Sarr Cement tender. To date, 28 companies have requested "tender documentation" packages. As part of the public relations strategy for private sector development, an educational workshop was held on the topic of UNMIK strategy for private sector development. The topic of the Sarr Cement tender, as an example of the implementation of the latter strategy, was presented.

102. A database of 156 publicly owned enterprises in Kosovo, with basic information on each enterprise, has been prepared covering almost 90 per cent of the socially owned enterprises or joint stock companies with a majority public ownership. The database is a first attempt to put together, in a systematic way, information concerning public enterprises in Kosovo.

L. Public utilities

103. The economic reconstruction pillar (European Union) has the lead responsibility for public utilities. The restoration and improvement of public utilities, such as electricity, water and waste disposal, remains a major task of UNMIK. Urgent action was undertaken to minimize disruption of energy supply during the winter. Repairs and maintenance were carried out during the autumn at the two power stations, Kosovo A and B. However, during the winter, there were periods, particularly in January 2000, when breakdowns in the generating units meant that supply fell significantly short of demand, and serious shortages of power resulted. Breakdowns were caused by a variety of factors, including a fire on 10 January in one of the two units of the more reliable power station (Kosovo B), corrosion and leakages in boilers, need for repairs and difficulties in securing a steady supply of consumables. During the most serious disruptions, domestic power generation fell to below 200 megawatts; by

the end of the reporting period, domestic power generation had stabilized at about 400 megawatts. Imports, mainly from Serbia proper and Albania, has averaged around 100 megawatts throughout most of the reporting period.

104. UNMIK, KFOR, international donors and the Power Company of Kosovo worked together to address recurrent problems. These efforts included repairs to the power stations, arrangements for the supply and storage of adequate stocks of consumables and chemicals and regular information flow to the public on the day-to-day situation. The European Union has pledged to make available 20 million euros to cover higher than expected costs of energy imports. Contacts with neighbouring countries at both the technical and political levels have been intensified to ensure that Kosovo's participation in regional energy transactions is technically satisfactory and properly regulated.

105. Intensive work is under way with the donors, especially the European Union, to define a longer-term strategy to ensure adequate electricity supply during the next winter. The inter-component planning group, coordinated by the Joint Planning Group, has progressed in the development of a Kosovo power and water assurance plan. The plan seeks to ensure that Kosovo has reliable electricity, district heating and water for the winter of 2000/2001.

106. Public water supply is available mainly in the urban areas of Kosovo. In most cities, major donors and non-governmental organizations are engaged in rehabilitation and sanitation activities. The main effort is currently focused on the provision of back-up generators for water supply in urban areas. UNMIK is finalizing a strategy for the long-term rehabilitation and restructuring of the water supply and sanitation system. Of the overall rehabilitation programme, 30 per cent is already financed through ongoing local projects. In rural areas, the water supply relies primarily on wells. An in-depth study of the rural water sector will be launched by UNMIK shortly to develop a medium- and long-term strategy.

VII. ESTABLISHMENT OF THE JUDICIAL SYSTEM AND THE RULE OF LAW

107. UNMIK is making progress in establishing rule of law in the region, which is dependent on an effective, impartial and independently functioning judiciary. My Special Representative, taking into consideration the recommendations of the Advisory Judicial Commission on the Appointment and Removal from Office of Judges and Prosecutors (Advisory Judicial Commission) established pursuant to UNMIK regulation No. 1999/7, appointed 301 judges and prosecutors and 238 lay judges on 29 December 1999. Judges, prosecutors and lay judges have taken their oaths of office at swearing-in ceremonies held during January 2000 throughout Kosovo, except for Mitrovica where the ceremony has been postponed until more minority candidates are identified.

108. The Advisory Judicial Commission has called for applications for a second round of appointments of judges and prosecutors, which is expected by the end of March. With these appointments, it is expected that the number of judges and prosecutors will reach 400. There have been public announcements to encourage applications from minority candidates in order to improve the multi-ethnic composition of the judiciary and prosecution service.

109. The 48 judges and prosecutors of the emergency judiciary system have faced considerable pressure in the course of their duties, which has impacted strongly on their ability to remain independent and has resulted in an inadequate response to the needs of justice. It is hoped that the independence of the newly appointed judges and prosecutors will develop with the improvement of security and material working conditions. With respect to security, there is a pressing need to invest in measures to provide protection to the judges, prosecutors and the courts as well as victims of crimes and witnesses. With regard to material needs, the premises and working conditions of the courts throughout Kosovo are very poor. In addition, the number of buildings identified as suitable for courts are inadequate. However, within the limits of the Kosovo consolidated budget, the refurbishment of some court buildings and the distribution of material supplies, such as computers, stationery and photocopiers, have begun.

110. My Special Representative adopted, on 15 February 2000, a regulation enabling him to appoint international judges and prosecutors to the courts in Mitrovica. The first international judge and the first international prosecutor were appointed and sworn in on 15 and 17 February 2000 respectively. This regulation is a part of the special measures to re-establish security in Mitrovica in view of the recent civil unrest and the inadequate judicial response.

111. UNMIK is also making concerted efforts to establish a war and ethnic crimes court as soon as possible. The Technical Advisory Commission on Judiciary and Prosecution Service, established pursuant to UNMIK regulation No. 1999/6 of 7 September 1999, recommended the creation of such a court. The particular nature of war and ethnically related crimes requires that these cases be tried by panels with both local and international representatives. In this connection, the support of Member States in identifying and fielding expert personnel and in providing material and financial support will be essential.

A. Penal system

112. The prison in Prizren, under UNMIK control since 29 November 1999, is now fully operational as the first penal institution to be staffed and managed by locals under UNMIK supervision. On 14 January 2000, a Kosovo Deputy Director for the prison was appointed to work with four international correctional experts.

113. Great efforts have resulted in the recruitment of 201 Kosovo correctional and civilian staff within the Kosovo Correctional Service. The second training programme for 30 correctional staff was completed on 5 February 2000 and the recruits have started working in Prizren Prison. The third session, which began on 7 February 2000 with 60 students, will be completed on 4 March.

114. Detention capacities remain inadequate to support vigorous law enforcement and an efficient judiciary. The Pristina and Mitrovica detention centres (managed by UNMIK police), the Gnjilane, Camp Bondsteel and Pec detention centres (operated by KFOR) and the prison at Prizren (managed by the Kosovo Correctional Service) currently house more than 300 prisoners, most of whom are

awaiting trial, with only about 50 places available for new arrestees. The key obstacle to opening additional detention facilities is a lack of expert international staff to manage the facilities and supervise the local guards who are now in training.

B. Rule of law activities

115. Efforts continued to establish the Ombudsperson institution in Kosovo. UNMIK, the Venice Commission of the Council of Europe and other international partners have together prepared a draft regulation for this purpose.

116. The Kosovo Law and Human Rights Centre will be established shortly. The Centre will serve as a think-tank devoted to supporting the development of the rule of law. It will focus on analysis of various legal issues, provision of commentary on legislative and regulatory proposals and the publication and distribution of laws, regulations, decrees, human rights instruments and other legal materials. With the support of the American Bar Association/Central and Eastern European Law Initiative, the institution-building component (OSCE) is compiling and translating the body of criminal law that was in force on 22 March 1989, as that body of law is now applicable in Kosovo pursuant to regulation 1999/24.

117. Contacts have been established with the Kosovo Chamber of Lawyers and other legal organizations in the province. In 1999, an assessment was completed of the needs of the legal community and, currently, a survey is being conducted by the institution-building component (OSCE) on access to defence counsel, which remains an issue of serious concern, particularly for minority criminal defendants. In order to address this issue, a workshop to discuss possibilities for the establishment of a self-sustainable structure for legal aid in Kosovo will be held soon by the institution-building component (OSCE).

118. An assessment of the needs of the University of Pristina Law Faculty has been completed. The Law Faculty signed an interim memorandum of understanding with UNMIK identifying terms of cooperation, including the Law Faculty's stated commitment to multi-ethnicity in the teaching staff and the student body.

VIII. DEMOCRACY AND CIVIL SOCIETY

A. Democratization

119. The institution-building pillar (OSCE) is the lead agency in democracy and civil society. A key project envisaged by the institution-building pillar in the field of public administration training is the establishment of an institute for civil administration. This is designed to be the official training institution for the public sector. Before the formal establishment of the institute, short training sessions are being held in order to familiarize local administration officials with basic public management techniques, with internationally recognized principles of local democracy and with the current legal status of local administration in the transition period. To aid in the fostering of civil society, a draft constitution for the establishment of a

non-governmental organization council has been prepared which has assisted the non-governmental organization community in registration procedures.

120. A citizens' forum initiative has been launched which is aimed at gathering input from the local population regarding what they perceive as the essential issues affecting their daily lives in both Pristina and in the municipalities. In the short-term, the concept behind these forums is to raise awareness and prepare the electorate for the municipal elections to be held later this year. The long-term aim of the forums is to create a culture of dialogue and democracy in the community.

121. A Political Party Service Centre was opened in Pec on 18 February. The Centre offers office space and communication facilities to all political parties in the Pec region and is a forum for political party training activities. An additional eight centres are expected to open within the coming months.

122. A draft regulation on political party registration and operation, which follows European standard models, is being reviewed. In view of the upcoming municipal elections and the representation of registered political parties in the Kosovo Transitional Council, clarification on the status of political parties is particularly important. The rules for participation of registered political parties in elections will be set out in a separate regulation. The first political party training will be carried out by the National Democratic Institute, a United States non-governmental organization, and will focus on the role and requirements of modern political parties.

B. Media affairs

123. An Association of Media in Kosovo was formed in December 1999 at a meeting attended by most media organizations in Kosovo. In cooperation with international experts at a seminar co-sponsored by the institution-building component (OSCE) and the Soros Foundation, the Association developed its own statutes and a code of conduct for print media, including provisions for expulsion from the Association for violations of the code of conduct. At this time, there is no other regulation governing print media.

124. The institution-building component (OSCE) has undertaken a project to distribute independent, non-governmental newspapers from Belgrade into Serbian communities in Kosovo. The newspapers will be brought from Belgrade to northern Mitrovica and taken directly to Kosovo Serb communities or to KFOR units for final distribution. While initial funding will come from OSCE, an active search is under way for donors in order to expand the project.

125. The public broadcasting service, RTK, continues to broadcast programmes in the Albanian and Serbian languages on Television Kosovo and in the Albanian and Turkish languages on Radio Kosovo. Radio Kosovo plans to restart its Serbian language broadcasting in April. In preparation for the end of the European Broadcasting Union's nine-month satellite emergency programme in June, a strategic plan for RTK's future is under preparation.

126. An interim media regulatory commission has been proposed to regulate the media through the development of media laws and standards, the management of the frequency spectrum, the establishment of broadcast and press codes of conduct and the monitoring of compliance. The lack of a clear mandate to take action against those that either broadcast without a licence or violate commonly accepted norms of journalistic behaviour remains a problem.

127. Under UNMIK regulation No. 2000/4, speech which incites national, racial, religious or ethnic hatred, discord or intolerance will be treated as a criminal offence. The regulation provides for fines and prison terms of up to five years for anyone who publicly incites or spreads hatred, discord or intolerance between the various communities in Kosovo. The regulation applies not only to journalists, but also to public officials such as politicians and teachers.

IX. CIVIL REGISTRATION AND MUNICIPAL ELECTIONS PREPARATIONS

A. Civil registration

128. UNMIK has been entrusted with performing basic civilian administrative functions in Kosovo. Registration of the population, particularly in the light of the widespread loss of personal documents, is a precondition for effective administration, as well as maintenance of a secure environment for all residents. Civil registration will not be performed outside the area of Kosovo; only voter registration will be offered.

129. Accordingly, the population of Kosovo will be registered only once but for several purposes. First, each person's identity will be re-established and confirmed through the issuance of an identity card. Second, a central civil registry will be created. Third, each person will have the opportunity to apply for a provisional travel document after having obtained a new identity card. Finally, it will be used to prepare an electoral list, to be used later in 2000 for municipal elections. The absence of travel documents and/or the reluctance of Kosovo Albanians to obtain or use Yugoslav passports has prevented many residents of Kosovo from travelling outside the territory. UNMIK and UNHCR, with the consent of the receiving country, have been facilitating emergency travel for medical reasons. To further facilitate travel, UNMIK intends to introduce machine readable travel documents for residents of Kosovo.

130. A Joint Registration Task Force has been established by the civil administration and the institution-building (OSCE) components to carry out registration. The combined registration process will begin in late March with a number of pilot projects, and will be extended all over Kosovo during April, May and June. Every person 16 years of age and over who is considered to be a habitual resident will qualify for registration. Children under the age of 16 will be registered in July and August. Identity cards will be issued to persons 16 years or older, and the right to vote will be granted to eligible persons 18 years and older. The institution-building component (OSCE) will, upon completion of the civil registry reflecting the population of those aged 16 years and older, focus on producing the consolidated electoral list of those aged 18 years and older.

131. The term of "habitual resident" has been carefully chosen by UNMIK to make it clear that matters of citizenship are not being touched. A habitual resident of Kosovo is defined by at least one of the following criteria: (a) having been born in Kosovo; (b) having at least one parent who was born in Kosovo; or (c) having resided for at least five consecutive years in Kosovo and being able to prove it. The choice of these criteria, suggested by UNMIK and now being discussed with local representatives, is meant to be inclusive in that it takes into account various types of population movement within the former Yugoslavia and between that country and other States hosting Yugoslav citizens over longer periods. At the same time, the criteria are meant to be exclusive in that they attempt to prevent recently arrived illegal immigrants from qualifying.

132. The right to vote will be limited to those who are able to prove residence in Kosovo as of 1 January 1998, a cut-off date chosen by UNMIK for a number of reasons. Persons who have left Kosovo before that date in order to establish permanent residence elsewhere are not considered to have kept the close links assumed to be essential for the right to vote in a municipal election. Many forced displacements took place after that date. Initially, Kosovo Albanian and, subsequently, Kosovo Serb residents were compelled to leave their home constituencies in great numbers during the past two years. In both cases, their right to vote should be confirmed by the choice of this date. UNMIK will endeavour to ensure that everyone, including minorities and displaced persons, will be able to register and vote safely.

133. Some Kosovo Albanian political leaders have questioned the cut-off date, perceiving it as favouring the recent Kosovo Serb refugees and internally displaced persons over the Kosovo Albanian diaspora since 1989. After discussing the criteria qualifying for civil and voter registration, the Interim Administrative Council agreed, on 22 February, to the proposed cut-off date of 1 January 1998.

134. A preliminary decision has been taken that a voter may exercise a dual option in voting; a voter may vote in either the municipality of his or her residence on 1 January 1998, or in the municipality of current residence. This will allow internally displaced persons to vote in their current residence without facing security problems in their former place of residence.

135. Based on a survey conducted in November 1999, it is estimated that up to 10 per cent of the population will not possess the necessary documentation to qualify for civil and voter registration. This is due to loss, confiscation and destruction of documentation as a result of the recent conflict. A review procedure, currently being finalized, will entail an applicant filling out a review questionnaire that will be verified by municipal and central records offices, where existing back-up documentation has been catalogued in order to support the registration project. Where municipal and central records offices cannot support a person's application, a team of adjudicators will investigate and make an assessment of the validity of the application.

136. The Joint Registration Task Force will also oversee registration for elections outside of Kosovo. It seems that there is no need for full civil registration and issuance of identity cards for those residing outside of Kosovo. Registration will, therefore, be restricted to electoral purposes only

and will be conducted by mail. IOM has been tasked with this responsibility and will run the operation from an office in Vienna. In order to register members of all ethnic groups now residing outside of Kosovo, UNMIK has requested the cooperation of the Yugoslav authorities in conducting voter registration of Kosovo Serb internally displaced persons in Serbia and Montenegro. The Yugoslav authorities, however, condition the conduct of voter registration to the conclusion of a general agreement on cooperation with UNMIK.

137. Combined civil and voter registration will cost approximately $30.5 million, including some $16.4 million raised by UNMIK through voluntary contributions and $8.2 million in personnel costs for 400 United Nations Volunteers to conduct field operations. The institution-building component (OSCE) is seeking some $5.9 million from the OSCE Permanent Council by way of assessed contributions. The cost of the registration outside of Kosovo, included in the overall figure of approximately $30.5 million, will account for just under $4 million, including proposed registration in the Federal Republic of Yugoslavia (Serbia and Montenegro), for which an additional $0.8 million has been budgeted.

B. Municipal elections preparations

138. Municipal elections can be held approximately three months after the completion of a final voter register. Intensive preparations are currently under way to conduct municipal elections in Kosovo later in 2000.

139. A proposed central election commission would be the principal regulatory body overseeing the conduct and supervision of the election process. The timeline for elections will be discussed at the first meeting of the commission for subsequent recommendation to my Special Representative. The commission will be multi-ethnic and will include nine representatives from Kosovo and three international representatives.

140. The primary precondition for the conduct of registration and elections is the freedom of voters to participate without harassment or intimidation. In addition, registration and election preparations should be undertaken in a secure environment. A joint security task force has been formed at the working level with the participation of KFOR and UNMIK police to address this issue.

X. FINANCIAL SITUATION

A. Kosovo consolidated budget

141. The Kosovo consolidated budget for 2000 was approved through UNMIK regulation No. 1999/27 of 22 December 1999, authorizing expenditures from 1 January to 31 December 2000. The budget was established based on a number of guiding principles. It seeks to promote stability through support to essential government functions; to improve compensation with regard to overall average wages levels; to assist the most needy (20 per cent of the budget is dedicated to social assistance programmes); to strengthen the domestic revenue base, with an expected drop of dependence on donors from 70 per cent in 1999 to 46 per cent

in 2000; to ensure sustainability; and to meet donor targets. The 2000 budget is consistent with the overall budget framework agreed to at the Donors' Conference held at Brussels on 17 November 1999. However, its implementation could be jeopardized should the full amount of donor pledges not be received.

142. The 2000 budget provides for recurrent expenditures of DM 562 million, including recurrent expenditures from public enterprises and municipalities and salaries for civil servants. The number of people employed in the public sector is nearly 70,000. The budget also provides for DM 423.3 million for the general governmental sector. For the year 2000, all investment costs will be financed by the donor community.

143. As for revenues, the 2000 budget includes DM 362 million derived from taxes, fees and user charges and DM 200 million derived from donor grants. DM 172 million is required from donors for undesignated budget support and DM 28 million for specified programmes. Since the 2000 budget was published, however, the estimated domestic tax revenue has been revised downwards from DM 190 million to DM 180 million owing to a decrease in customs, sales and excise tax revenue and delays in other revenue collection. This decrease in revenue projections, together with other minor revisions to the designated grant component, means that donor grant requirements are now DM 219 million, of which DM 194 million is undesignated. Expenditures may also need to be revised owing to unforeseen budget implications arising from the introduction of JIAS, as well as those from ongoing difficulties in the power sector. A process is under way to address these requirements within the already approved budget (see annex II.A and annex II.B).

144. The customs service has functioned since September 1999 as UNMIK's only source of domestic revenue to date. The service is supported by the European Union Mission in Kosovo, but is wholly staffed by local employees apart from the Director-General. Active recruitment has doubled the number of customs officers to 95. The service initially operated at Kosovo's external borders with the former Yugoslav Republic of Macedonia and Albania. In accordance with UNMIK regulation No. 2000/3 of 22 January 2000, the service is now expanding to cover tax collection on the administrative boundary with Montenegro and with Serbia proper. This year, it is expected that over DM 130 million will be collected at Kosovo's borders and boundaries in duties, taxes and excises. The Customs Service is developing a cooperative relationship with the customs services of the former Yugoslav Republic of Macedonia and Montenegro. Negotiations with these two services are well advanced to support the reintroduction of commercial transit across Kosovo.

145. A new tax on hotel, food and beverages was introduced and entered into force on 1 February. The 10 per cent tax applies to establishments with monthly gross receipts of DM 15,000. Tax inspectors have visited some potential taxpayers in order to explain the relevant procedures. Approximately 1,500 establishments across Kosovo are affected and have been issued with temporary business registration numbers. They are required to keep records from 1 February 2000 and to make the first assessed payment of the tax by 15 March.

146. UNMIK has processed payments for approximately DM 87 million under the 1999 Kosovo consolidated budget, mostly during the second half of December 1999 and

January 2000. Procurement action in excess of DM 10 million has been completed under the 1999 Kosovo consolidated budget, and arrangements are under way for the transport, storage and handling of equipment expected to arrive in February 2000.

B. UNMIK Trust Fund

147. Donors have pledged a total of $29.6 million to the UNMIK Trust Fund. As of 8 February 2000, approximately 90 per cent of that amount had been received. The approved value of quick impact projects to be paid from the Trust Fund as of 8 February totals approximately $1.9 million, with $904,850 payments made and a balance payable of approximately $1,034,555. There are currently 31 quick impact projects being implemented (with a value of $612,104) and 48 projects have been completed or closed (totalling a value of $681,292). A total of approximately $14 million has been withdrawn from the Trust Fund for the payment of stipends to Kosovo civil servants and $9 million has been withdrawn for the winterization programme. A total of 24 approved projects (with a value of $560,345) were transferred to the Central Fiscal Authority for payment under the Kosovo consolidated budget.

148. Quick impact projects have changed from emergency financing of essential recurrent expenditures, such as fuel, waste disposal services, and ambulance and bus operations, to a second phase of financing government-type services prior to the implementation of the Kosovo consolidated budget. Since the establishment of the Central Fiscal Authority and the approval of the Kosovo consolidated budget, the quick impact projects are available to ensure timely execution of worthwhile projects, such as the financing of the radar and other facilities at the Pristina airport. In addition, quick impact projects have funded footbridges linking otherwise isolated communities, a large cooperative pig farm, the rebuilding of cultural facilities and the improvement of sanitary facilities at schools.

XI. RECONSTRUCTION

149. Although humanitarian needs accounted for the majority of the funds spent in Kosovo during 1999, longer-term reconstruction has already begun in the areas of housing, power, water, transport, health and education. The transition in emphasis from humanitarian assistance to reconstruction includes a formal process to develop a Kosovo reconstruction programme and housing reconstruction strategy, as well as increasing commitments from donors.

150. The 2000 Kosovo consolidated budget is designed to cover recurrent costs, with reconstruction costs funded separately by donors who have already pledged approximately DM 2 billion for economic reconstruction in the year 2000. A process to collect information on the sectoral breakdown of the pledges has been implemented both by UNMIK and through the European Commission/World Bank Office for South-East Europe in Brussels. An effort to update the information is under way in close cooperation with the European Commission/World Bank Office as well as with the 35 bilateral donors and the 15 multilateral donors. The next step in the process is to reconcile these expectations for funding support with the

pledges from the Donors' Conference held on 17 November 1999. In order to systematically conduct the reconstruction effort from these pledges, a priority list of projects is now in the process of being constructed from information provided by each of the spending departments (e.g., agriculture, transport, telecommunications). This process will lead to the development of a reconstruction programme in the form of a list of the top reconstruction needs for the remainder of 2000.

151. Housing reconstruction will constitute an estimated 15 per cent of the entire reconstruction effort. The goal for the year 2000 is to begin reconstruction on some 20,000 homes which were partially or completely destroyed during the recent conflict, at an estimated cost of around DM 300 million. Efforts will also focus on resolving the issue of property rights in housing, in the context of the Housing and Property Directorate, to ensure that a market can emerge so as to alleviate the reconstruction effort.

XII. OBSERVATIONS

152. UNMIK achieved much during the period under review, most notably in engaging the population in the interim administration of Kosovo. Critical challenges remain, however. Despite broad downward trends, the level and nature of violence in Kosovo, especially against vulnerable minorities, remains unacceptable. The deplorable events in Mitrovica serve to remind us that ethnic tensions can still trigger dramatic cycles of violence. Immediate and decisive measures taken by UNMIK and KFOR to address the situation in Mitrovica have calmed the situation. However, it is essential to move beyond the status quo, which is inherently unstable. I, therefore, urge Member States to support the efforts of UNMIK, KFOR and the moderate Kosovo leadership to make Mitrovica a united city with a joint administration and security for all.

153. More generally, UNMIK and KFOR have continued to make all possible efforts to create a secure environment throughout the province for minorities and all of the people of Kosovo. While the local leaders and people of Kosovo now increasingly participate more actively in efforts to create a society in which all people can live without fear, Kosovo remains far from tolerance, let alone reconciliation. I urge all concerned, leaders and ordinary people alike, to make a personal effort to bring violence, intimidation and harassment to an end.

154. To assist in this, the rule of law must be cemented. Impunity did not begin in Kosovo with the recent conflict, but its perpetuation can undermine all of our best-intended efforts. The entire chain of justice must be built up and reinforced. The deployment of UNMIK police officers and special police units from Member States must be accelerated. Kosovo Police Service officers must be prepared for service much more rapidly. Additional judges and prosecutors must be appointed and their security arrangements improved. The local judiciary must quickly be provided with the training, support and guidance essential to swift, fair and efficient deliberations. To keep pace with other advances in the rule of law, the establishment of a functional penal system must be greatly accelerated. I appeal to all Member States to provide UNMIK, as a matter of urgency, with the necessary number of UNMIK police officers, special police units, international judges and prosecutors, as well as penal experts.

155. For peace and reconciliation to take hold, we must invest in a peaceful, tolerant Kosovo. As UNMIK moves in emphasis from humanitarian to development assistance, we must design and finance programmes for longer-term reconstruction and rehabilitation and the revitalization of the economy. Pledges by Member States were an essential step in this process, but their continuing active participation in the development of a vibrant and viable capital plan, including the timely realization of pledges, remains essential.

156. The establishment of the Joint Interim Administrative Structure marked an important step towards the establishment of substantial autonomy and self-government in Kosovo, in line with resolution 1244 (1999). The provisional instruments of JIAS provide fair and effective means for the people of Kosovo to participate in administrative decisions and processes that affect every aspect of their daily life. It is manifestly in the interests of Kosovo Serbs also to be represented in JIAS, and my Special Representative is making every effort to assure that they can do so in dignity, security and fairness. I urge the leaders of Serb communities in Kosovo to take this step towards real coexistence.

157. The next step in development of provisional institutions for democratic and autonomous self-government will be the holding of elections at the municipal level. Such elections will ensure that democratic representatives of the population will participate in the administration of every village, town, and city in Kosovo, within the framework of resolution 1244 (1999). It is essential that this critical step be both well prepared and timely, and I urge all Member States to support the concerted efforts of UNMIK, and especially of its institution-building component (OSCE), to hold these elections as early as possible.

158. By its resolution 1244 (1999), the Security Council mandated the United Nations with an unprecedented challenge in Kosovo. The successful implementation of the UNMIK mandate depends critically upon the full commitment and support of Member States. As the recent events in Mitrovica indicate, progress made by UNMIK since June 1999 is not yet irreversible and the potential for further violence, including a spill-over effect in southern Serbia, remain a real possibility. If we are to cement and build upon the achievements of UNMIK, Member States must provide the necessary political, material and financial support to the Mission in a determined manner throughout this sensitive period.

Annex I

Composition of the police component of the United Nations Interim Administration Mission in Kosovo

(At 2 March 2000)

Present number of participating countries: 45

	Main head-quarters	Pristina	Prizren	Gnjilane	Pec	Mitrovica	Kosovo Police Service	Border police	Induction training		Total
									Staff	New arr.	
Argentina	8	5		2	2	12		8	1		38
Austria	12	18	10	4		2		3			49
Bangladesh	3	14	3			6	2	2	1		31
Belgium	2			3							5
Benin		5									5
Bulgaria	10	16		7	2	19	1	5			60
Canada	19	16	3	4	2	35	1	10	4		94
Czech Republic	1	2						3			6
Denmark	1			2		19	1		3		26
Egypt	1	18	22	16		13		1			71
Estonia	1	2					1		1		5
Fiji	2	25				3		3			33
Finland	1	1								18	20
France	4	1	10			63				1	78
Germany	27	11	101	3		53	5	12	1		243
Ghana	3	34	11	13	23	41	1	9	1		136
Hungary	3	3	4								10
Iceland						2					2

	Main head-quarters	Pristina	Prizren	Gnjilane	Pec	Mitrovica	Kosovo Police Service	Border police	Induction training		Total
									Staff	New arr.	
India	2	9		11	11	32	7	14	1		87
Italy	2	11	10		10	5		7			45
Jordan	1	20		4	9	11		2	1		48
Kenya	2	21		3		12			1		39
Kyrgyzstan		1				1					2
Lithuania		3			4		2				9
Malaysia	4		35			4	4				47
Netherlands	1										1
Niger										5	5
Nigeria			3	5		2	1				11
Norway	7					8					15
Pakistan	19	24	2	3	3	30	5	1	1		88
Philippines		2	13					8			23
Poland	1			8							9
Portugal	5	5		2	5	3	2	2	1		25
Romania	3	18	3	3	3	11	4		1		48
Russian Federation	20	43		8		10	5	32	4		122
Senegal	1	6	2			7					16
Spain	8	18			3	1	1	2	1		34
Sweden	18	8			3	7		3	5		45
Tunisia						5					5
Turkey	9	18	6	10			2	4			49
Ukraine	5	2	4	5	4	6		4			30
United Kingdom	8	48				4					60

	Main head-quarters	Pristina	Prizren	Gnjilane	Pec	Mitrovica	Kosovo Police Service	Border police	Induction training		Total
									Staff	New arr.	
United States	42	141	51	71	21	97	26	27	2		478
Zambia	8	21	6	2	2	16		2			57
Zimbabwe	6	12	13	6		15					52
Subtotal	270	602	312	195	107	555	71	194	30	24	2 361
Total											2 361

Annex II

A. Kosovo consolidated budget

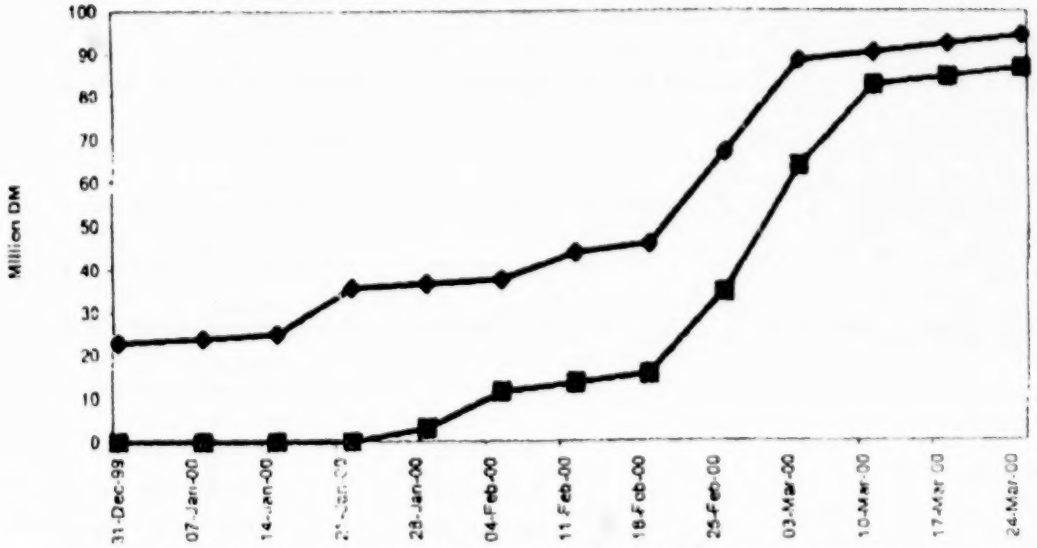
1. Expected vs. actual revenues, 2000

(In millions of deutsche mark)

Tax	Revenues (2000 budget) (1)	Revised budget (1 Feb.) (2)	Expected collections year to date* (3)	Actual collections year to date* (4)	Difference (4-3)
Customs	38	35	2.9	2.25	(0.36)
Sales	104	91	6.7	4.95	(0.95)
Excise	21	18	1.1	0.489	(0.32)
Offences	-	-			-
Hotel	3	3			-
Food and beverage	8	8			-
Payroll	15	15			-
Presumptive	5	5			-
Profit	5	5			-
Total	199	180	10.7	7.69	(3.01)

* 1 January-25 February.

2. General government budget: planned expenditures and revenues[a]



	31-Dec-99	08-Jan-00	15 Jan-00	22-Jan-00	29-Jan-00	05-Feb-00	12-Feb-00	19-Feb-00	26-Feb-00	04 Mar-00	11 Mar-00	18-Mar-00	25 Mar-00
GGB Cumulative Receipts	22.8	23.8	24.8	35.8	36.8	37.8	43.7	45.7	68.7	88.3	90.3	92.3	94.3
GGB Cumulative Expenditures	0.0	0.0	0.0	0.0	3.0	11.5	13.5	15.5	34.5	83.5	82.5	84.5	86.5

[a] Includes expected disbursements of DM 19 million from the United States before 26 February and DM 19.5 million from the European Union before 4 March.

B. Kosovo consolidated fund

1. Budgetary assistance donor grants

(Fiscal year 1999/00)

Donor	Pledged	Currency	Approx. deutsche mark equivalent	Date received	Cash received: Budget support (deutsche marks)	Cash received: Targeted support (deutsche marks)	Intended programme
European Union	72 120	Euro	141 054	3 January		141 054	Heating repairs
European Union	35 000 000	Euro	68 453 000				Budget support
European Union	10 000 000	Euro	19 600 000				Budget support
European Union	20 000 000	Euro	39 200 000				Import costs - electricity
United States[a]	10 000 000	United States dollar	18 800 000				Budget support
United States	2 000 000	United States dollar	3 959 180		3 959 180		Budget support
United Kingdom	8 000 000	United States dollar	15 040 000				Budget support
United Kingdom	2 000 000	United States dollar	3 927 427	19 January		3 927 427	Civil registration
Switzerland	1 970 000	United States dollar	3 703 600				
Japan	7 300 000	United States dollar	13 724 000				
Canada	2 000 000	Canadian dollar	2 593 826	9 February	2 593 826		Budget support
Canada	3 000 000	Canadian dollar	3 890 739				Budget support
World Bank	5 000 000	United States dollar	9 400 000				Budget support
France	12 000 000	French franc	3 482 538		3 482 538		Budget support
Italy	375 000	Deutsche mark	375 000	13 January		375 000	Pristina hospital
Italy	2 000 000 000	Lire	2 020 202				Budget support
Sweden	60 000.00	Deutsche mark	60 000	14 January		60 000	

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Donor	Pledged	Currency	Approx. deutsche mark equivalent	Date received	Cash received: Budget support (deutsche marks)	Cash received: Targeted support (deutsche marks)	Intended programme
European Union	45 600	Deutsche mark	45 600	7 January		45 600	Building refurbishment
Germany	25 000	Deutsche mark	25 000	9 February		25 000	Heating repairs
Germany	25 000	Deutsche mark	25 000	9 February		25 000	Heating repairs
Total			208 466 166		10 035 544	4 599 081	

[a] The United States contribution has been adjusted to reflect the inadvertent double counting of $5 million contributed to IOM.

2. United Nations Trust Fund civil administration support

(Fiscal year 1999/00)

Donor	Pledged	Currency	Approximate deutsche mark equivalent	Date received	Cash received: United States dollar	Cash received: Equivalent deutsche mark	Intended programme
Norway	1 500 000	United States dollar	2 819 962	20 July 99	1 499 980	2 819 962	Quick impact programmes
Finland	1 000 000	United States dollar	1 880 000	23 July 99	1 000 000	1 880 000	Civil administration
France	30 000 000	French franc	9 170 732	21 July 99	4 878 049	9 170 732	Civil administration
Sweden	500 000	United States dollar	939 958	29 July 99	499 978	939 958	Civil administration
Denmark	1 500 000	United States dollar	2 820 000	10 August 99	1 572 619	2 956 524	Undetermined
Netherlands	5 000 000	United States dollar	9 400 000	5 August 99	5 000 000	9 400 000	Civil administration
Germany	1 600 000	Deutsche mark	1 600 000		513 365	965 127	Civil administration
Switzerland	1 000 000	United States dollar	1 879 953	6 August 99	999 975	1 879 953	Undetermined
Spain	400 000	United States dollar	752 000				Undetermined
Italy	2 250 000	United States dollar	4 230 000		2 093 809	3 936 361	Undetermined
Czech Republic	100 000	United States dollar	188 000	24 September 99	100 000	188 000	Undetermined
United States*	4 000 000	United States dollar	7 520 000		4 000 000	7 520 000	Undetermined
Japan	7 000 000	United States dollar	13 160 000		7 000 000	13 160 000	Undetermined
Czech Republic	-	United States dollar	-	10 November 99	72 000	135 360	Undetermined
Sweden	500 000	United States dollar	939 958	19 November 99	499 978	939 958	Civil administration
Total			57 300 563		29 729 752	55 891 934	

* United States contribution adjusted to reflect inadvertent double counting of $5 million contributed to IOM.

Annex III

Composition and strength of the military element of the United Nations Interim Administration Mission in Kosovo

(At 1 February 2000)

Nationality	Number of military observers
Argentina	1
Austria	2
Bangladesh	1
Belgium	1
Bolivia	1
Bulgaria	1
Canada	1
Chile	1
Czech Republic	1
Denmark	1
Finland	2
Hungary	1
Ireland	3[a]
Italy	1
Jordan	1
Kenya	1
Malawi	1
Malaysia	1
Nepal	1
New Zealand	1
Norway	1
Pakistan	1
Poland	1
Romania	1
Russian Federation	2
Spain	2[b]

Nationality	Number of military observers
Switzerland	1
Ukraine	1
United States	2
Zambia	1
Total	37

[a] Including two non-commissioned officers.

[b] Including the Chief Military Liaison Officer.